



County of San Diego

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

July 9, 2010

Dear President Obama and Members of the San Diego County Congressional Delegation:

It was with great dismay that we read the July 6, 2010 statement from the Federal Housing Finance Agency (FHFA) which indicated that Fannie Mae and Freddie Mac will not buy or sell home mortgages for properties enrolled in municipal solar financing programs known as PACE, or Property Assessed Clean Energy. PACE programs are among the most promising ways that ordinary Americans can spur the economy, create jobs, save money and lessen the nation's dependence on foreign oil.

It is our very strong belief that the rationale behind FHFA's position on PACE financing is erroneous and mired in bureaucratic inertia. We respectfully urge you to take all steps necessary to reverse FHFA's position so that years of hard work and hundreds of millions of dollars in investment by cities, counties and private entities can be realized.

FHFA must recognize that PACE assessments are not loans and should not be analyzed as such. Rather, they are property tax assessments that stay with a property in the event of a sale, just like existing assessments for fire districts, hospitals and underground utilities. These have never been an issue for FHFA. If a foreclosure were to happen, only delinquent payments would be due, not the multi-year assessment in its entirety. This reduces the risk to lenders to close to zero.

We are deeply troubled by FHFA's failure to work with PACE stakeholders to resolve this difference in opinion regarding PACE assessments. We find FHFA's conclusion that PACE assessments, "...are not essential for successful programs to spur energy conservation," insulting, unsubstantiated and far outside the boundaries of that agency's limited expertise.

Public interest in PACE financing has been extraordinary. In San Diego County alone, homeowners in 13 cities and unincorporated communities will see PACE assessments shelved by FHFA's ill-conceived position. Challenging economic times like ours call for decisiveness and action, not the fear and disinterest exhibited FHFA. We believe rooftop solar and other energy efficiency measures have the very real potential to make the American economy robust again. We thank you for your immediate attention to this problem.

Sincerely,

PAM SLATER-PRICE
Chairwoman, Third District

DIANNE JACOB
Supervisor, Second District